



May 13, 2020

**To: Members of the Kansas Congressional Delegation**

**Re: Support for Biofuels Assistance Provisions in *Health and Economic Recovery Omnibus Emergency Solutions (HEROES)* Act**

On May 12th, the House of Representatives introduced the *Health and Economic Recovery Omnibus Emergency Solutions (HEROES)* Act which would allocate more than \$3 trillion in recovery assistance in response to the COVID-19 pandemic. A portion of the act, up to \$2.25 billion, specifically sets out much needed assistance for the struggling biofuels industry.

The COVID-19 pandemic has caused great harm to the biofuels industry – both in Kansas and across the country. In Kansas, we currently have two ethanol plants forced to shut down and almost all have been forced to dramatically reduce production. Nationally, data indicates that more than 130 biofuel plants have shut down, or greatly decreased production, as motor fuel demand plunged to 50-year lows. As U.S. biofuel plants purchase over one-third of U.S. corn and U.S. soybean oil annually, the loss of those markets has depressed farm income and will continue to push corn and soybean prices down dramatically. The damage has rippled across the entire agricultural supply chain – both in Kansas and across the country.

As plants are shut down, and near the end of their cash reserves, thousands of jobs in rural America hang in the balance. This decreased demand may very well continue through the summer months, at a time when biofuel producers and farmers were already facing market challenges. As biofuel economics continue to decline, farmer and rural investors in biofuel plants are experiencing near term losses on their investment, and possibly the long-term value of their plants.

The biofuels portion of the HEROES Act would authorize the U.S.D.A. to provide ethanol producers an incentive of \$0.45 per gallon for each gallon of ethanol produced from January 1 through May 1, 2020. In addition, ethanol producers forced offline for one or more calendar months during this time would qualify for the same credit, based on half the volume produced during the corresponding month or months in 2019.

While we understand that a great deal of negotiation will still need to occur on the various parts of the HEROES Act, the biofuels portion would provide immediate and meaningful assistance to the biofuels industry to address the demand destruction caused by the pandemic.

As the HEROES Act offers real and necessary assistance for the biofuel industry, our commodity partners, and thousands of rural communities across America, we would greatly appreciate your support for the biofuels provision of the Act.

Please do not hesitate to contact me at 785-234-0461 or [ron@kansasag.org](mailto:ron@kansasag.org) if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron C. Seeber".

Ronald C. Seeber  
President and CEO